From:	Kam Woo
To:	_Regulatory Comments
Subject:	NCUA Risk-Based Capital Proposal Comment
Date:	Thursday, April 02, 2015 10:23:03 AM
Attachments:	image001.png

Dear Sir,

Having had a career in regular banking for decades, I found the Risk-Based Capital Ratios concept interesting. It works great, for institutions with access to the capital markets to fund their denominator. Institutions who can raise fees and other costs on their customers for the all mighty profit.

For organizations who are more concerned with their member's welfare, such as a credit union cooperatives, this doesn't work so well. With no access to capital markets (members are the owners, not shareholders), credit unions will be forced into a scramble for the all mighty profit to boost the denominator of the RBC ratio in order to meet arbitrary regulatory requirements. This will hurt the members served by these cooperatives.

Risk-Based Capital ratios have been around for a while. And it didn't stop the last mad dash to the bottom by banks. It's an artificial standard that cripples sound business decisions. Regulators should concentrate on areas that have always worked in determining the safety and soundness of banks: underwriting standards, investment portfolio quality and financial audits.

Please note that credit unions do not normally invest in highly complex securities shrouded in mathematical mumbo jumbo that hides the derivative risks. There is no need to saddle credit union cooperatives with onerous requirements designed for these sleight of hand financing that banks do.

Kam Woo, Treasurer

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